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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
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| 09/758,624 | 01/11/2001 | Douglas R. Elliott | TEQ 1117005 | 8961 |

32233 7590 07/27/2004

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EXAMINER


DASS, HARISH T

ART UNIT PAPER NUMBER

3628

DATE MAILED: 07/27/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

| | | | |
|------------------------------|------------------------|---------------------|---|
| Office Action Summary | Application No. | Applicant(s) | |
| | 09/758,624 | ELLIOTT, DOUGLAS R. | |
| | Examiner | Art Unit | |
| | Harish T Dass | 3628 |  |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 1 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 11 January 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-43 is/are pending in the application.
- 4a) Of the above claim(s) 1-11 and 18-43 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 12-43 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☒ Claim(s) 1-43 are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date <u>6/2/01</u> | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Note: Claim 43 is stated as a method claim, however it appears it is system claim (there are no steps). Examiner herein after treats claim 43 as a system claim.

Election/Restrictions

Restriction to one of the following inventions is required under 35 U.S.C. 121:

- I. Claims 1-23 are, drawn to Group I, classified in class 705, subclass 35.
- II. Claims 24-43, drawn to Group II, classified in class 705, subclass 1.

The inventions are distinct, each from the other because of the following reasons:

Inventions Group I and Group II are related as process and apparatus for its practice. The inventions are distinct if it can be shown that either: (1) the process as claimed can be practiced by another materially different apparatus or by hand, or (2) the apparatus as claimed can be used to practice another and materially different process. (MPEP § 806.05(e)). In this case the claimed method can be practice by another materially different apparatus as evidence by applicant's claims 24, 34 and 43.

Because these inventions are distinct for the reasons given above and the search required for Group I is not required for Group II, restriction for examination purposes as indicated is proper.

Upon election of Group I, Applicant is required further election of species as follows:

This application contains claims directed to the following patentably distinct species of the claimed invention: the four species identified as:

(1) Method having a step of obtaining additional investment amount from one or more subsequent investors;

(2) Method having a step of assessing the value of intellectual property based, at least in part, on the anticipated future use of the intellectual property by an initial user;

(3) Method having steps: identifying at least one other intellectual property & identifying initial ownership of said at least one other intellectual property; and

(4) Method having steps of calculating values by using first and second valuation algorithms.

Applicant is required under 35 U.S.C. 121 to elect a single disclosed species for prosecution on the merits to which the claims shall be restricted if no generic claim is finally held to be allowable. Currently, no claim is generic.

Applicant is advised that a reply to this requirement must include an identification of the species that is elected consonant with this requirement, and a listing of all claims readable thereon, including any claims subsequently added. An argument that a claim is allowable or that all claims are generic is considered nonresponsive unless accompanied by an election.

Upon the allowance of a generic claim, applicant will be entitled to consideration of claims to additional species which are written in dependent form or otherwise include all the limitations of an allowed generic claim as provided by 37 CFR 1.141. If claims are added after the election, applicant must indicate which are readable upon the elected species. MPEP § 809.02(a).

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Should applicant traverse on the ground that the species are not patentably distinct, applicant should submit evidence or identify such evidence now of record showing the species to be obvious variants or clearly admit on the record that this is the case. In either instance, if the examiner finds one of the inventions unpatentable over the prior art, the evidence or admission may be used in a rejection under 35 U.S.C. 103(a) of the other invention.

During a telephone conversation with Attorney Down Wolf for Paul Storm (214-292-8994) on July 21, 2004 a provisional election was made with traverse to prosecute the invention of Group I species 3, claims 12-17. Affirmation of this election must be made by applicant in replying to this Office action. Claim 1-11 & 18-43 are withdrawn from further consideration by the examiner, 37 CFR 1.142(b), as being drawn to a non-elected invention.

Claim Rejections - 35 USC § 112

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 12-17 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claim 12 step <d1> is not clear, because specifically the phrase "obtaining said payment to the initial ownership from ..." is confusing to the Examiner. Please, rewrite the limitation and if it is correct, explain.

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Claim 12 step n is duplicate of step f and step o is duplicate of step g.

Claim 16, is not clear, because the phrase "account are identical" does not explain in what way they are identical (i.e. the accounts are in same currency, same owner's attributes (same owner or owners), etc.). Please point out the specification page number where this limitation "account are identical" is defined.

Claim 13 recites the limitation "the original user" in page 55 lines 2-3. There is insufficient antecedent basis for this limitation in the claim.

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 12-17 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that

promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

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The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In re Toma at 857.

In Toma, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in State Street Bank & Trust Co. v. Signature Financial Group, Inc. never addressed this prong of the test. In State Street Bank & Trust Co., the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See State Street Bank & Trust Co. at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under $\text{§}101$, but rather under $\text{§§}102, 103$ and 112 ." See State Street Bank & Trust Co. at 1377. Both of these

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analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, State Street abolished the Freeman-Walter-Abele test used in *Toma*. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, Claims 12-17 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts; for example: "computer is used to calculate average ..., etc."

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 12-17 are rejected under 35 U.S.C. 103(a) as being unpatentable over Risen, Jr. et al (hereinafter Risen - US 6,018,714) in view of Champion et al (hereinafter Champion – US 5,126,936).

Re. Claim 12, Risen discloses intellectual property, and more particularly relates to protection against changes in value of intellectual property [see entire document particularly, Abstract; Fig. 1; C1 L1 to C4 L63],

a) identifying an intellectual property [C27 L25-L30], b) identifying initial ownership of said intellectual property [C27 L25-L30]], c) assessing a value for said intellectual property [C6 L7], f) granting a license to said initial ownership to use said intellectual property in exchange for at least one payment from said initial ownership [C8 L64], i) identifying at least one other intellectual property [C27 L25-L30], j) identifying initial ownership of said at least one other intellectual property [C27 L25-L30], and k) assessing a value for said at least one other intellectual property [C11 L37-L43].

Risen does not explicitly disclose g) allocating said at least one payment from said initial ownership to said general trust account, h) allocating payments from said general trust account to at least one of said investor accounts, and

d) obtaining title to said intellectual property in exchange for paying not more than the assessed value of said intellectual property to said initial ownership, <d1> obtaining said payment to the initial ownership from a general trust account, <d2> obtaining funding for said general trust account from a plurality of initial investor accounts, e) creating said investor accounts by identifying a plurality of investors,

obtaining an initial amount from each of said investors and associating at least a portion of said initial amount with at least one investor account for each said investor, l) obtaining title to said at least one other intellectual property in exchange for paying not more than the assessed value of said at least one other intellectual property to said initial ownership, <l1> obtaining said payment to the initial ownership from a general trust account, <l2> obtaining funding for said general trust account from at least one subsequent investor account, m) creating said subsequent investor accounts by identifying a plurality of investors, obtaining an initial amount from each of said subsequent investors and associating at least a portion of said initial amount with said investor account for each said subsequent investor, n) granting a license to said initial ownership to use said intellectual property in exchange for at least one payment from said initial ownership, o) allocating said at least one payment from said original ownership to said general trust account, and p) allocating payments from said general trust account to at least one of said subsequent investor accounts.

However, Champion, discloses data processing system to control account management and investment tracking for participating investors [see entire document particularly – Abstract; Figures 2-3; C1 L1 to C3 L55] g) allocating said at least one payment from said initial ownership to said general trust account [C4 L1-L67]], h) allocating payments from said general trust account to at least one of said investor accounts [Champion – C4 L1-L67] to manage goal directed investment account. Further, d) obtaining title to said intellectual property in exchange for paying not more than the assessed value of said intellectual property to said initial ownership, <dl>

obtaining said payment to the initial ownership from a general trust account, <d2>
obtaining funding for said general trust account from a plurality of initial investor
accounts is a business choice (obtaining title to the patent in exchange for paying not
more than the assessed value of the patent to the original ownership are business
choice by the individual how much he/she wants to pay, for example, a car dealer
trades/sells a car/cars and the original owner (dealer/owner) transfers the title to new
owner (owner/dealer) for a payment/price. The car payments can be withdrawn from
buyers account(s) either by transfer or check), and it obvious the patents are sold and
licensed by the companies when it makes business sense to trade them.), e) creating
said investor accounts by identifying a plurality of investors, obtaining an initial amount
from each of said investors and associating at least a portion of said initial amount with
at least one investor account for each said investor, however, this step is well known in
banking, brokerage and mutual fund institutions (i.e. banks, brokerage firms, mutual
funds and corporation which are selling their stocks directly regularly open investor
accounts where banks/other institution are/is a trustee, for example Bank of New York is
trustee for GE's investors.) to prevent fraud and illegal transactions; l) obtaining title to
said at least one other intellectual property in exchange for paying not more than the
assessed value of said at least one other intellectual property to said initial ownership;
<l1> obtaining said payment to the initial ownership from a general trust account; <l2>
obtaining funding for said general trust account from at least one subsequent investor
account [these limitations (l, l1 & l2) are rejected with same rational as d above, the
buyer can trade at least one another item, it is business choice], m) creating said

subsequent investor accounts by identifying a plurality of investors, obtaining an initial amount from each of said subsequent investors and associating at least a portion of said initial amount with said investor account for each said subsequent investor [this step is rejected with the same rational as step e, above], n) granting a license to said initial ownership to use said intellectual property in exchange for at least one payment from said initial ownership [this step is rejected with the same rational as step f, above], o) allocating said at least one payment from said original ownership to said general trust account [this step is rejected with the same rational as step h, above], and p) allocating payments from said general trust account to at least one of said subsequent investor accounts [this step is rejected with the same rational as step d, above], to purchase patents, trade marks and licenses intellectual properties (IP), evaluate the IP portfolio and find investors who are interested in investing in such a property and willing to open a trust account for such investment. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Risen and include investor accounts, as taught by Champion, and pooling intellectual properties in a portfolio of investment (similar to mutual funds, portfolio of investment accounts) to manage goal directed investor account for trading of intellectual properties in compliance with sound business practice and regulations.

Re. Claim 13, Risen discloses granting a limited license to a party other than the original user of said intellectual property and obtaining at least one payment from said licensee of said intellectual property for a license to use said intellectual property [C8 L64].

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Re. Claim 14, Risen discloses allocating payments from said general trust account to at least one account other than an investor account [C2 L48 to C3 L16; C8 L44 to C9 L43; C26 L12-L33].

Re. Claim 15, Risen does not explicitly disclose allocating payments to said investor accounts based on a formula that considers factors in addition to the initial amount obtained from said investor. However, this step is obvious with is similar to an investor account in a mutual fund will have a value proportional to the number of shares (units) it has, similarly the dividend, gain or interest it gets will be proportional to it share. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Risen and include a formula with certain criteria to allocate payments based on the share of the account to satisfy the investors they get their part of business fairly.

Re. Claim 16, Risen does not explicitly disclose where at least one subsequent investor account and at least one initial investor account are identical. However, it is obvious the account can be identical if they have the same ownership, same amount of deposit and at the same financial institution otherwise they are not.

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Re. Claim 17, claim 17 is rejected with same rational as claim 12 step d. (It is obvious that different investors have different accounts and even an investor can have different accounts in the same financial institution (i.e. checking/saving accounts, etc.)).


Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T Dass whose telephone number is 703-305-4694. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S Sough can be reached on 703-308-0505. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Harish T Dass
Examiner
Art Unit 3628

7/21/04


HYUNG SOUGH
SUPERVISORY PATENT EXAMINER
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